

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 STR-04 AID-05 CIAE-00 COME-00

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SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 SS-15 NSC-05 PA-02

PRS-01 USIA-15 AGR-10 FEAE-00 L-02 /106 W

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 7280

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: ETRD, BR

SUBJECT: GOB STATEMENT ON TRADE REFORM ACT

REF: BRASILIA 0295

1. SUMMARY: OVER WEEKEND FOREIGN MINISTRY ISSUED BRIEF STATEMENT ON REACTION TO PASSAGE OF US TRADE ACT. STATEMENT EMPHASIZED IMPORTANCE OF TRADE ACT TO BEGINNING OF SUBSTANTIVE MTN, STRESSED OBJECTIVE IN MTN OF RESTRUCTURING WORLD TRADE RELATIONSHIPS ON BASIS SPECIAL TREATMENT FOR LDCS, AND NOTED THAT TRADE ACT CONTAINS RESTRICTIVE PROVISIONS THAT COULD PREJUDICE ACHIEVEMENT OF THIS OBJECTIVE. END SUMMARY.

2. FOLLOWING IS INFORMAL TRANSLATION OF SUBSTANTIVE PORTION OF FOREIGN MINISTRY'S STATEMENT ON TRADE REFORM ACT:

APPROVAL OF THE TRADE REFORM ACT BY THE UNITED STATES CONGRESS PROVIDES THAT COUNTRY'S EXECUTIVE BRANCH WITH THE NECESSARY AUTHORITY

TO ENGAGE IN THE MULTILATERAL TRADE NEGOTIATIONS (MTN) UNDER THE GATT AND ... WAS AN ESSENTIAL CONDITION FOR THE EFFECTIVE BEGIN-
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NING OF THE MTN.

THE GRADUAL COLLAPSING OF THE INTERNATIONAL ECONOMIC SYSTEM ESTABLISHED AT THE CONFERENCES AT BRETTON WOODS AND HAVANA - AGGRAVATED BY PETROLEUM TRADE EVENTS - GIVES SPECIAL SIGNIFICANCE TO THE MTN.

THE NEGOTIATIONS DO NOT ONLY REPRESENT A NEW EFFORT TOWARD WORLD TRADE LIBERALIZATION, CONDUCIVE TO RESTRAINING THE GENERALIZATION OF PROTECTIONIST PRACTICES AND ITS CONSEQUENT DEPRESSIVE EFFECT ON THE WORLD ECONOMY.

FOR DEVELOPING COUNTRIES, AS BRAZIL, SUCH NEGOTIATIONS REPRESENT AN OPPORTUNITY TO CHANGE THE GUIDELINES THAT HAVE PREVAILED FOR INTERNATIONAL ECONOMIC RELATIONS. SUCH GUIDELINES HAVE ALREADY PROVED INADEQUATE FOR THE PREVAILING WORLD ECONOMIC SITUATION AND CLEARLY HARMFUL TO DEVELOPING COUNTRIES.

FROM THE BRAZILIAN STANDPOINT, A NEGATIVE OR POSITIVE EVALUATION OF THE TRADE REFORM ACT CONSISTS, THEREFORE, IN ESTIMATING TO WHAT EXTENT IT REPRESENTS A MANDATE TO PROMOTE A RESTRUCTURING OF CURRENT INTERNATIONAL ECONOMIC RELATIONSHIPS - ASSURING DIFFERENTIATED AND MORE FAVORABLE TREATMENT FOR DEVELOPING COUNTRIES - OR TO WHAT EXTENT IT REAFFIRMS TRADITIONAL POSITIONS, TENDING TO FREEZE THE EXISTING DISTRIBUTION OF INTERNATIONAL WEALTH AND ECONOMIC POWER. INCLUDING THE DEFENSE OF INDUSTRIES WHICH, IN DEVELOPED COUNTRIES, HAVE LOST COMPARATIVE ADVANTAGES THEY USED TO HAVE (TEXTILES AND FOOTWEAR, FOR EXAMPLE). THE DEFINITIVE TEXT OF THE NEW ACT HAS ONLY JUST BEEN RELEASED, MAKING ANY COMPREHENSIVE OPINION AT THIS POINT PREMATURE. HOWEVER, PRELIMINARY INFORMATION INDICATES THE EXISTENCE OF RESTRICTIVE PROVISIONS WHICH, IF CONFIRMED, WILL PREJUDICE, PERHAPS IRREMEDIABLY, THE BROAD OBJECTIVE OF ACHIEVING MORE EQUITABLE STRUCTURES IN INTERNATIONAL TRADE. END OF STATEMENT.

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